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REPORT

OF THE

PRESIDENT AND DIRECTORS

OF THE

HUNTINGDON AND BROAD TOP MOUNTAIN

RAIL ROAD AND COAL COMPANY,

TO THEIR STOCKHOLDERS,

January 12th, 1857.

PHILADELPHIA:

J. B. CHANDLER, PRINTER, 123 CHESTNUT STREET, [THIRD STORY.]

1857.

OFFICERS—1857.

PRESIDENT.

L. T. WATSON.

DIRECTORS.

S. MORRIS WALN,	}	PHILADELPHIA.
HORATIO C. WOOD,		
DANIEL HADDOCK, JR.,		
RATHMELL WILSON,		
JOHN DEVEREUX,		
EVANS ROGERS,		
JOHN LIVEZEY,	}	HUNTINGDON.
JOHN McCANLES,		
JAMES W. PAUL,		
A. P. WILSON,		
JOHN SCOTT,		
JAMES B. LANE, LANCASTER.		

Secretary and Treasurer.

JOHN P. AERTSEN.



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REPORT.

At the last annual meeting of the Stockholders of this Company, twenty-four miles of rail road from Huntingdon to the Bridge at Stonerstown or Saxton were reported as completed. At Saxton, you are aware, one branch of the road diverges in a north-easterly direction to the mines on Shoup's Run, whilst the main road continues in a southerly direction along the base of the mountain toward Bedford, giving an opportunity by short branches to bring the coal from Six Mile and Sandy Runs, and affording an outlet by its terminus at Hopewell, to the grain and other products of Bedford County.

From the Report of the Engineer in charge, P. Vandevander, Esq., you will perceive that the bridge at Saxton, and four miles of the Shoup's branch were completed early in March, and the transportation of coal from two of the Company's mines on Shoup's Run commenced shortly after. By July, one mile more was completed reaching the collieries of Robert Hare Powell, Esq., and Messrs. Burroughs, Dorris & Co. These mines with the two mentioned above as belonging to the Company, were the only ones from which coal was sent until the latter part of December, when another colliery of the Company was put into operation. Three and three quarter miles more have been graded on Shoup's Run, on one half of which the track has been laid and the iron is on the ground and being laid upon the remainder. Some of the most valuable mines of the mountain are on this extension, the celebrated Cook vein or upper large seam

cropping out along nearly the whole distance. Two splendid collieries have been opened on it by the Semi-anthracite and Broad Top Improvement Companies, both of which are prepared to send coal as soon as the track is completed. This Company own five hundred acres of very valuable land adjoining the above, on which the Board have directed the opening of collieries, the rent of which they think in a very few years will pay the interest on the first mortgage loan.

These extensions make a total of eight and nine-tenth miles, for the Shoup's Run branch about five miles, passing through outcrop of coal, and affording facilities for the opening of collieries sufficient to ship a half million of tons annually. The coal sent to market so far has been entirely from the lower seam known as the Barnet vein, and is a valuable coal for Locomotives, Rolling Mills, Puddling Furnaces and for smithing purposes, making too an excellent coke, but is somewhat brittle and inclined to shatter and not so well liked for fuel. The coal from the Cook or upper vein which will now be coming out is harder and will bear handling better, and we predict a large market for it for fuel and for steam ships.

The division from Saxton to Hopewell being the last portion of the main road, was finished by the latter part of July, a little too late to get much of the Bedford Spring travel for the season. A branch of one mile has been graded on Six Mile Run, and they are now laying the track upon it. The Lancaster Company have opened up an extensive colliery on this branch, which they have leased to enterprising operators who expect to commence heavy shipments of coal by February. Several other mines can be opened on the portion of this branch now graded. The Hopewell Coal and Iron Company have made extensive developments of coal and iron ore, and a short branch connecting their mines with the terminus of the road is being rapidly completed. To sum up, you now have including sidings at Huntingdon, Marklesburg, Rough and Ready, Saxton, Hopewell, and at the mines, forty miles of track laid, and three miles graded with the

iron on the ground, making a total of forty-three miles of single track road, costing with interest on bonds and stock, extra interest, engineering and all other expenses about one million one hundred thousand dollars, or nearly twenty-five thousand six hundred dollars per mile. Weigh scales have been built at Saxton, and a Y put in to turn engines upon; turn-tables have also been put in at Huntingdon and Hopewell, and the necessary water stations erected on the route. The Company have purchased extensive wharves at Huntingdon, upon which they have erected trestle work for dumping coal into boats, and prepared an extensive landing for storing coal upon when necessary. Five hundred acres, unincumbered, have been added to the coal lands of the Company, making with the twenty-one hundred acres covered by first mortgage a total of twenty-six hundred acres. At the mines, fifteen new dwelling houses have been built and three collieries put in complete working order, with the necessary sidings, loading houses, platforms, &c. From the report of the Superintendent you will see that there is now upon the road three first class engines weighing from twenty-one to twenty-four tons, one weighing seventeen tons, one hundred coal cars, three eight wheeled trucks, eighteen four wheeled house cars, one first class passenger car, and one second class passenger car with the necessary hand cars, which, with the cars furnished by the Pennsylvania Rail Road Company, are sufficient for a large increase of business. All these things you will see from the annexed statement taken from the Treasurer's Report, have increased the floating debt to a larger sum than was anticipated.

The total charges to construction and equipment, including interest on stock, extra interest incidental expenses engineering, &c., amount to		-	-	-	-	-	-	\$1,140,341	42
To which add interest paid on bonds,		-	-	-	-	-	-	41,656	42
									\$1,181,997 84

Leaving after allowing for equipment about \$1,100,000, as before stated, for cost of road.

The total cost of real estate, including property at Huntingdon and improvements at mines, is \$96,957 17.

The floating debt of the company is \$373,716, from which, deducting cash and available cash assets, there will be about \$360,000 to provide for.

The first issue of bonds amount to	-	-	-	\$500,000
Ten thousand eight hundred and eighty-eight shares stock paid up,	-	-	-	544,400

There are besides the above, three hundred and three shares on which one or more instalments have been paid, but subject to forfeiture for non-payment of the remainder.

The road as originally put under contract, reached only to the edge of the coal field, and it was found absolutely necessary to extend it before it could be made profitable. The other improvements were all indispensable to the running the road and working the mines. It had been intended to make a temporary arrangement with the Pennsylvania Railroad Company, for rolling stock, but the press of business on their road, at times, rendered the supply so uncertain that the Board thought it prudent to purchase locomotives, and as many cars as would suffice for the trade by canal, the Pennsylvania Railroad Company finding cars for all the coal and other freight going over their road. Excepting the inconvenience of taking care of a debt, these arrangements have undoubtedly all been for the true interests of the stockholders. The work has been managed with the greatest possible economy, but it was indispensable that many things should be done which were not previously taken into our estimates. From the following summary of our freight agent, Mr. Lawrence, you will learn the total amount of coal shipped, the earnings and expenses of the road, &c.

The total amount of coal brought down since the opening of the road, appears to be forty-two thousand nine hundred and seventy-one tons, and the total receipts for freights, \$45,581.

Since the 1st July, there have been shipped thirty-two thousand seven hundred and eighty-one and a half tons of coal, and the total *receipts* for the six months have been as follows :

For Coal Freights,	-	-	\$19,168 51
Local “	-	-	3,489 53
Rent of Mines,	-	-	3,878 57
Mail, six months,	-	-	850 00
Passengers,	-	-	5,820 50
			\$33,207 11

Expenses—

For Motive Power, (except coal,)	5,039 98
Coal for Locomotives, Stations,	
&c.,	- - - 1,380 62
Maintenance of Cars,	- 380 23
Maintenance of Way,	- 5,996 49
Conducting Transportation of	
Passengers,	\$1,116 74
Freight,	1,850 68
	2,967 42
	\$15,764 74
Net earnings for six months,	- - \$17,442 37

The shipments of coal for the last six months have been as follows :

In July,	- - - - -	6,957 tons.
August,	- - - - -	6,554½ “
September,	- - - - -	5,110 “
October,	- - - - -	3,901 “
November,	- - - - -	5,719 “
December,	- - - - -	4,540 “
Shipments for six months,	- - - - -	32,781½ “

During the six months, transportation of iron rails, cross ties, lumber and materials for the construction of the road, was done

to at least the amount of \$6,000, for which no charge has been made, and which would increase the net earnings to \$23,447.

The great depth of snow last winter, and the intense cold, delayed the completion of the road, and retarded very much the progress of the improvements at the mines. A number which were expected to be in operation by July or August, are as yet not quite ready to commence shipments, but will be during the present month or early in the next. The business of the road can scarcely be said to have commenced before July 1st, and counting the first year's business from that date, the Board feel satisfied that the net earnings will exceed the estimate furnished to the stockholders at a meeting held October 1st, 1855. In the months of July and August, thirteen thousand five hundred tons were carried over the road, and nearly all sold to the railroads and iron works of the interior. In September the operators first commenced sending to this city to any extent, and the sales were necessarily limited until the quality of the coal was tested. On the first of October, the operators reduced miner's wages, causing a turn out and a loss of a half month's work. The shipments consequently in those months were small. In November the demand was brisk, the experiments as to quality having all turned out satisfactorily, but the scarcity of miners retarded shipments, many having left during the strike.

In the month of December, the closing of the canal stopped shipments in that way, and owing to an accumulation of freights at Pittsburg during a rise in the Ohio river, the Pennsylvania Railroad could give us but a limited number of cars. They are now furnishing as many as required. The scarcity of houses for miners has prevented them from coming to the region in such numbers as they otherwise would, and has been one of the main causes of the limited quantity of coal shipped. This evil is however being rapidly remedied. Besides fifteen new dwellings put up by one company, about forty have been built by individuals and other companies, and one hundred or more will go up the ensuing summer, whilst all the old farm houses in reach

are being fitted up for boarding houses for miners. The inexperience of operators, too, at the commencement, very much retarded the delivery of coal. All these annoyances are incident to a trade yet in its infancy, but will all in a great measure be remedied hereafter.

Two facts, however, have been established, which ought to satisfy any one, that a success equal to the fullest expectations of the company, is only a question of time. The one that coal can be brought to this market at the present rate of freights, with profit to the miners, and sold at a less price than the Cumberland, or taken to New York and sold at the same rate—the other, that it has a decided preference in the market over that coal, so far as it has been tried.

The Northern Central Road with a terminus at Baltimore, the great depot of the Cumberland, is now using Broad Top Coal for its locomotives. The machine shops and locomotives on the State Road have been getting their supply exclusively from Broad Top, since March last; and the Norristown, Westchester direct, and other roads, have been using it to a greater or less extent. Some shipments made to New York have given the greatest satisfaction, and a trial of it is intended to be made soon upon the Hudson River Railroad and the Long Island.

Six new mines will get into operation now shortly, making with the four previously worked, ten in all; two to four more will be opened during the summer. These mines when in full operation and vigorously worked, should send to market five hundred tons annually.

For the present year, two hundred and fifty thousand tons is a moderate estimate, provided transportation can be had, of which we do not anticipate any difficulty. A turnpike connecting the road with Morrison's Cove, and a plank road connecting the terminus at Hopewell with the Bedford Turnpike, both nearly completed, will greatly increase the local freights. The improvements now making at Bedford Springs, will probably

attract a large number of visitors, and add very much to the passenger receipts.

The Board think they can now safely say that there is but one thing wanting to make the success of the company no longer a problem, and that is the funding of the floating debt.

You are all aware of the high rates charged Railroad Companies for money, as well as the great difficulty at times of any but the most favored getting it at all. The Board have so far been able to meet the engagements of the company by temporary loans, but as there will be no occasion for a further increase of the debt to any extent, it is now decidedly the interest of the stockholders to convert it into a permanent loan. With this view, the Board have decided the execution of a mortgage of \$500,000, with eighteen years to run, with an issue of bonds in sums of \$500 each, bearing seven per cent. interest, payable half yearly, on 1st February and 1st August of each year. One-fourth of the net revenue of the road and mines from January 1, 1861, after deducting interest upon loans, is pledged to be invested semi-annually, in a sinking fund, for the redemption of this issue of bonds.

The road and collieries can be leased for a term of years, at a rent under which the above arrangement for a sinking fund would redeem the bonds in eight years or less from its commencement. Besides this pledge of revenue, itself a good basis, the bonds are secured by a mortgage on forty-three miles of railroad, twenty-six hundred acres of coal lands, with the collieries opened thereon, the franchises of the Company, the real estate at Huntingdon and other places, and all the other property of the Company, upon a considerable portion of which it is a first lien, having been acquired since the execution of the first mortgage, and upon the remainder a second lien. There will be, perhaps, after deducting cash assets, \$360,000 of floating debt to provide for. A sale of \$200,000 of bonds would enable us to get along for the next two months, and a further sale of \$100,000, during March and April, will likely be as large an amount of the bonds.

as it will be necessary to sell. The remainder can be used as collateral, and the sinking fund alluded to might be so arranged as to absorb annually a portion of the debt, an equal amount of the bonds being in all cases cancelled.

Assuming the whole amount of bonds to be sold, the annual interest on both loans would amount to	-	\$70,000 00
Add 6 per cent. on \$550,000 of stock,	-	33,000 00
		\$103,000 00

The shipments of coal for July and August, from four collieries, were at the rate of about 80,000 tons per annum. These same collieries expect to send to market monthly more than double that average; and with six new mines getting into operation, 250,000 tons can certainly be counted on for the present season. Allowing a moderate increase in the passenger receipts and local freights, and assuming the expenses to be double those of the past year, the following will be the result:—

150,000 tons, of 2,000 lbs., in Pennsylvania Railroad cars,		
at 55 c.,	- - - - -	\$82,500 00
100,000 in Company's cars, for canal shipments,		
at 67 c.,	- - - - -	67,000 00
Passenger receipts, \$1,500 per month,	- -	18,000 00
(Last six months, \$1,000 per month.)		
Local freights,	- - - - -	15,000 00
Mails,	- - - - -	1,700 00
		\$184,200 00
Superintendence, maintenance of way, and total running expenses, at \$5,000 per month,	-	60,000 00
(Average last six months, \$2,600.)		
		\$124,200 00
Add rent of mines,	- - - - -	15,000 00
		<u>\$139,200 00</u>

In estimating the expenses, it must be taken into consideration that the maintenance of way will probably be less than for the last season, the banks having settled, and the deep cuts being sloped. The motive power will cost but little more; one engine having been engaged a great part of this year in the transportation of iron rails, cross-ties and lumber, for the construction of the road, or used with the dirt-train, for which no charge has been made. The Superintendent, in his report, estimates the net earnings for this year at \$120,000. Should the stockholders, however, not have faith in these figures, some gentlemen are now negotiating for a lease, that will probably take the road for five years, on the following terms:—

Rent.				With the Mines.	Without.
Equal to 3 per ct. on stock,		1857		90,000	75,000
“ 6 “		1858		110,000	90,000
“ 7 “		1859		120,000	100,000
“ 8 “		1860		130,000	110,000
“ 10 “		1861		150,000	125,000

This rent, allowing in 1861, that the stock had increased to \$700,000, would pay 10 per cent., and allowing for an annual increase, one-fourth of the net revenue invested in a sinking fund commenced at that time, would in eight years or less take up the present issue of bonds.

The most successful coal roads have had, at some time or another, a trying period in their existence, which required promptness and liberality on the part of their stockholders, and for which they afterwards reaped a rich return. The finances once taken care of, the Board confidently rely upon a success equal to the most favored of them.

By refering to the Railroad and Mining Register, of September 27, 1856, you will see that the total earnings of the Beaver Meadow Railroad Company, in 1851, were but \$88,674, a less amount than will be earned by the Broad Top road, allowing the year to commence with July 1st; yet, in the year 1855, their

receipts amounted to \$271,594, leaving, after deducting \$105,000 working expenses, a net revenue of over \$165,000. Their receipts are said to have increased \$60,000 in 1856. From this you can judge of the rapidity with which the receipts of a coal road increase, as the mines are developed. That the receipts of your Company will increase in a still greater ratio is to be fairly presumed, as the increase of the receipts from the mines are to be added to the workings of the road.

A gentleman recently from the Cumberland region, and who has been engaged in mining soft coal for some twenty years in Nova Scotia and this country, has lately made an examination of the mines of the Company, on Broad Top, and is now in this city, awaiting the election of the new Board, to contract for the lease of the unoccupied mines on Shoup's Run. He would bring a large number of skilful miners from the Cumberland region, and his own experience will be of great value to the Company. Altogether, the aspect of the Company's affairs, were this debt funded, would be promising.

Before taking any measures for this purpose, the stockholders may wish to know if more money will be required, and other calls made. To this the Board would reply that the entire main road is completed and equipped, the track and rolling stock all in complete order, having lately been examined by a committee of this Board, and with prudence and economy, but little debt need be made until such times as the stock can be used at par, as it is hoped that the time is now at hand when it is going to be one of the paying roads of the country. Some of the landholders on Six Mile and Sandy Run, who have been among the most active friends of the company, may want short extensions, but these can be made at but little expense, and either by an arrangement for stock, or by a draw-back on the freight of the coal coming from that portion of the road. As this is to be the last call, and as it is for their interest, it is to be hoped that the stockholders will take prompt measures to effect a sale of two to three hundred thousand of the new bonds. The price they shall

be offered at, as well as the means to be taken for their disposal, is a question for the stockholders to decide. In fixing a value on these bonds, they should consider that they are not to be sold to complete a road, and for which still more might be required, but to fund the debt of a road completed and equipped with a certainty of earning money for payment of the interest, and a probability of the bonds being liquidated long before maturity. The sale of one-half or more of them, will enable the company, with reasonable fortune on the road, to commence the payment of stock dividends this season, and greatly enhance the value of the stock.

The Board take this occasion to express their obligations to Herman J. Lombaert, Esq., Superintendent of the Pennsylvania Railroad, for his uniform kindness and courtesy in affording this company cars and other means of transportation when in his power.

Before taking leave, they also desire to bear testimony to the industry and economy of James Boon, Esq., Superintendent of the company, as well as to the efficiency and correct business habits of John J. Lawrence, Esq., Freight Agent at Huntingdon.

L. T. WATTSON,

President.

Treasurer Huntingdon and Broad Top Mountain Railroad and Coal Company.

1857. Jan. 1,	Dr.	1857. Jan. 1,	Cr.
To amount received from Stockholders, in payment for Stock, . .	\$440,649 52	By amount paid for construction and equipment of Road, \$1,140,341 42	
To amount received from sale of Bonds, ...	386,881 56	By am't paid interest on Bonds, ...	41,656 42
To amount received from Passengers, Freights, Mines, &c., ...	41,905 69	By am't paid for Real Estate and Improvement at Mines, . .	96,957 17
To amount received from Jas. Boon, Superintendent, ...	28 20	By am't p'd Running Expenses, maintenance of Way, Superintendence &c., ...	28,521 00
To amount received from Temporary Loans, ...	3,905 50	By Bills Rec'ble, Bonds, and Stock, ...	10,360 57
To amount Bills Payable, and payments on Lands and Rolling Stock, not yet matured, ...	373,716 35	By Balances due by Stockholders, ...	10,037 03
To amount Loan payable in 1858, . .	48,000 00	By Cash on hand and Cash Assets, ...	4,320 75
“ payable in Coal, ...	29,244 53		
“ unpaid interest due to Stockholders, ...	1,975 36		
To amount Suspense Account, ...	5,887 65		
	<u>\$1,332,194 36</u>		<u>\$1,332,194 36</u>

PROCEEDINGS OF MEETING.

At the annual meeting of the Stockholders of the Huntingdon and Broad Top Mountain Railroad and Coal Company, held at their office on Monday, the 12th January, 1857, JOHN P. CROZER was called to the chair, and JOHN P. AERTSEN appointed Secretary.

The Annual Report of the Board of Directors was read, and
On motion,

Was accepted and ordered to be printed.

The following resolutions were adopted :

Resolved, That the disposition of the new bonds be left to the action of the Board of Directors to be elected to-day.

Resolved, That in the judgment of the Stockholders, it is inexpedient to entertain any proposition to lease or rent the company's road.

Resolved, That a committee of five of the Stockholders be appointed to aid the Directors in the sale of the bonds.

The following Stockholders were appointed said committee :

JOSIAH BACON,
JNO. HASELTINE,
GUSTAVUS ENGLISH,
MAHLON WILLIAMSON,
SAM'L J. CHRISTIAN,

Resolved, That the President and Directors are hereby authorized to execute a mortgage of \$500,000, in such manner as they may think best, and to issue bonds to that amount, to be used in funding the floating debt of the company, and for other purposes connected with the road.

On motion, adjourned.

JOHN P. AERTSEN,
Secretary.

EXTRACT

FROM THE

REPORT OF THE SUPERINTENDENT.

The motive power now is more than ample for a much larger business than has yet been done on the road, and its cost has been much heavier in proportion to the amount of business done, than it should be ; this result was caused by the irregularity of the business. I was compelled to keep as many engines out, and as many hands employed for the shipment of two hundred and fifty tons per day, as was required for the shipment of seven hundred tons, which would make a fair business for the power we now have. To do the business that is expected to be done next season, two more engines will be required, as it is not only expected that an increased coal business will be done, but also a largely increased local freight business ; as the turnpike now nearly completed to Martinsburg, and other improvements will greatly increase the business of the road. In the purchase of locomotives, I am of the opinion that none should exceed twenty or twenty-one tons in weight, as our rail is too light for a heavier engine.

Owing to a stagnation in the coal business which commenced in August, there was a considerable falling off until the middle of November, when the demand became brisk, but in consequence of closing the canal and the increase of business on the Pennsylv-

vania Railroad, (which prevented our procuring cars,) we were only able to do a limited business, and had employment but for two engines.

The rolling stock on the road is therefore four locomotives—one first class passenger car, one second class passenger car, one hundred coal cars, eighteen four-wheeled freight cars, three eight-wheeled platform or wood trucks, all in running order.

There is a sufficient number of coal cars to ship four hundred tons per diem, in boats ; if arrangements are made for a larger shipment by this means, more cars should be provided ; with twenty-five more, we could ship from five hundred to six hundred tons daily. Arrangements should be made of a permanent character, for a sufficient number of trucks to ship from five to six hundred tons per diem, by Pennsylvania Railroad ; yet I should not deem it advisable for your company to build cars to run off your own road, as the distance is too great ; yet attended with little difficulty, as there has not been a single break-down with coal the past season, nor a ton of coal lost by that cause.

The trestle work and bridges on the road are in good condition, much better than they were last spring, the foundations being now settled and become more permanent. The trestle work on Section Twenty-five, above Saxton, and the one north of Rough and Ready Station, are nearly filled.

The permanent trestle work for loading boats, has been suspended, but as most of the material is at hand, it can be completed for an early opening in the spring.

There are now three coal openings, on the property of the company on Shoup's Run, in successful operation ; also two individual openings, making in all five openings, capable of producing two hundred tons daily, each. In addition to the above, the track will be completed to the first opening on Six Mile Run, by March 1st, where two hundred tons at the lowest estimate, will be mined ; making in all, one thousand two hundred tons daily, with the present facilities. This with the steady increase in local freight and passengers, will secure to the road a hand-

some business for the next year. Should this quantity of coal only be shipped, and taking the freight and passenger business of the last six months as data, which would be a safe calculation, it would realize for the earnings of the road, \$120,000. I have little doubt, however, of the passenger and local freight increasing at least fifty per cent. the next year. The expenses in the Repair Department will not be more than one-half what it has been this year. But, in addition to the above, it is expected that one or more mines will be opened on Sandy Run, and two additional mines will be in operation on the Shoup's Run extension, all of which will nearly double the above quantity of coal for the next year, should the demand require it. For the completion of this work, see Engineer's Report.

In justice to myself, I am unable to give you a full statement of the business of the road for a longer time than six months, commencing July 1st, as previous to that time, no regular system had been adopted at this office, and no copies of reports or statements were kept here.

I have in the foregoing report, endeavored to give you as full a detail of the condition and working of the road, as in my power; all of which is hereby most respectfully submitted to your consideration.

Yours very respectfully,

JAS. BOON,

Superintendent.

